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Building a Business Together

THE NEW AMERICAN DREAM

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Is Even $100 Million Enough to Get an All-Sports Daily off the Ground?
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by
Rob Kinmonth

DO YOU SEE WHAT I SEE?

The heads of America's fastest-growing companies tell: what they watch to alert themselves to changes in the economy; what those signs are telling them now; and what they're doing about it inside their own businesses

BY JAY FINEGAN

While economists announce an official recession whenever the U.S. gross national product declines for two consecutive quarters, the men and women running fast-growth companies across the country have their own distinct and personal notions of what makes for a recession. John Bell says it's when worries about his direct-marketing business give him fitful sleep. To Soni Christensen, a recession means she might lose her new $500,000 design studio. California plastics manufacturer William Czapar is more direct. "A recession," he declares, "is when it hits your profit and loss, no matter what the rest of the economy is doing."

To be sure, this INC. survey on the economic outlook turned up the usual suspects when folks were asked to name signposts that might signal trouble ahead—high interest rates, unemployment rates, inflation, the stock market, even the number of help-wanted ads in local newspapers. But for Clarence E. Harris of Calhoun, Ga., a leading economic indicator is "gossip at the post office." Is Harris the kind of character you'd see on reruns of "The Andy Griffith Show," an entrepreneurial Barney Fife? Not quite. His Carriage Industries Inc. employs 1,000 workers and posted sales last year of $103 million.

Who's to say that the guys hanging around the Calhoun post office know any less than Alan Greenspan, chairman of the Federal Reserve System? His take on the economy comes from sheets of bloodless statistics, and numbers don't always tell the whole story. "You can feel a recession coming in your gut," remarks one company owner. "It's like a deer sensing the presence of a wolf that it can't yet see."

Differences within a region

What is striking, when one speaks with the survey respondents, is the divergence of economic outlooks among people in the same region, and sometimes even within the same industry. For depending on one's niche, a recession can be either a curse or a blessing in disguise. Take the Northeast, for example, which is already beginning to feel the effects of the rolling recession that wracked Texas, and before that the Rustbelt. It now is suffering the hangover of an exuberant binge.

Soni Christensen is president of Design East Interiors, in Concord, N.H. The company furnishes and equips model homes, lobbies, nursing homes, and the like. In 1988, when Design East made the INC. 500 list, it had about 90 active models in its client base, and revenues reached $1.7 million. New Hampshire was hot. Then, very quickly, the bottom fell out of the New England housing market. The government's repeal of the investment tax credit did some of the damage, but mainly the supply of new housing simply outstripped demand. One of Christensen's projects was a condominium complex with 120 units; only 12 were sold.

Christensen had expected to have at least 20 employees by now. Instead, her staff peaked at 16 early in 1988 and has since been trimmed to 4. "This is the first time since I opened my doors in 1982 that I am going backward, not forward, in huge leaps," she says. "Sales are off by nearly 50% from our peak. I'm telling my people, 'Guess what? Be glad you have jobs. So don't be asking me for a raise, and don't pick up the phone and make a long-distance call, either.' My truck is worn out, but I'm not buying a new truck. Our van is worn out, too, and I'm not buying a new van. I'm not even buying clothes, and my daughter can't go on her ski trip."

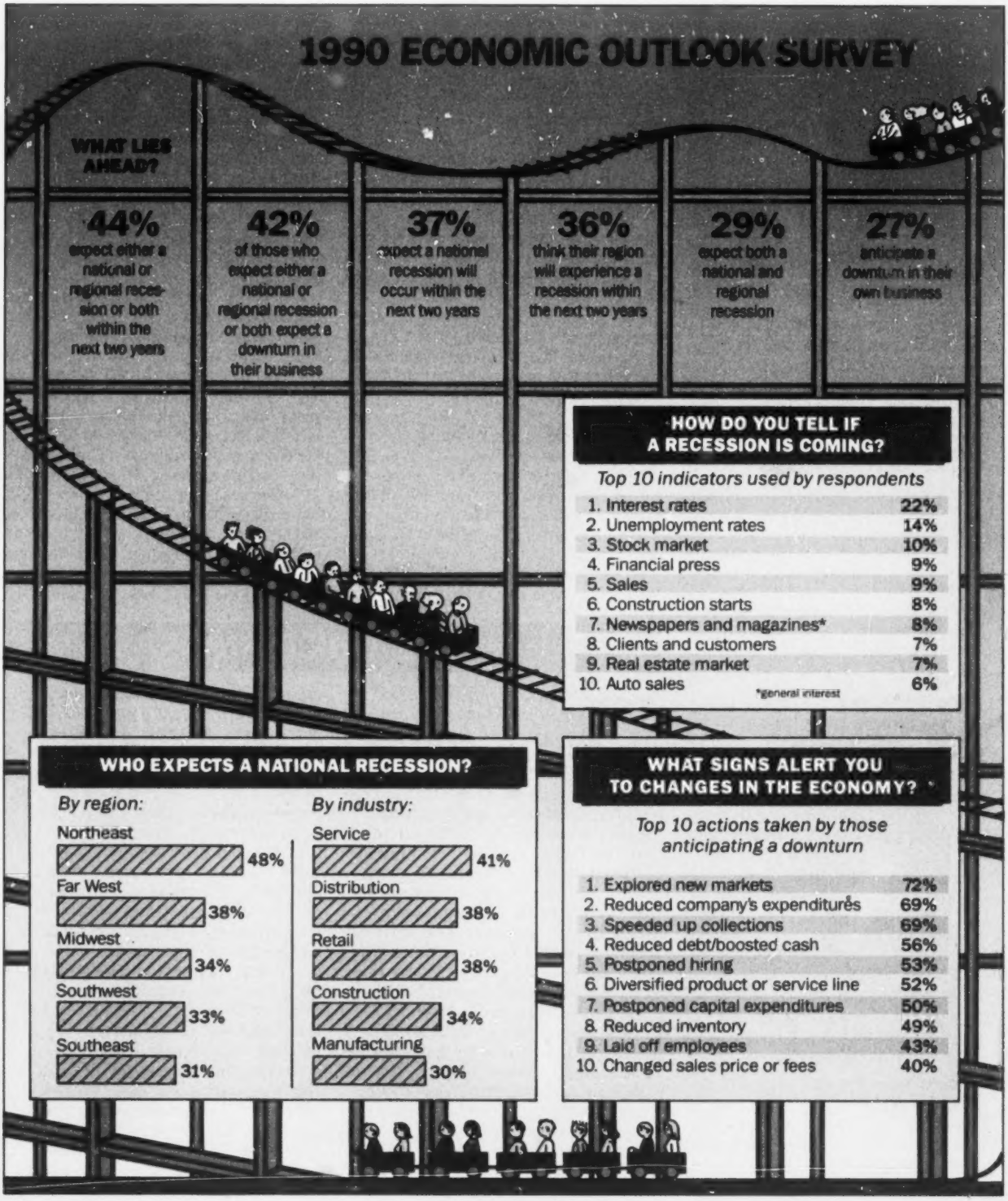
Now consider the case of Mel Borrin. His New Hampshire real-estate firm, Preferred Properties Inc., sits on the shores of Lake Winnipesaukee, a scenic recreation area less than an hour north of Concord. Borrin specializes in the vacation-home market. Most of his buyers come from Massachusetts, New York, Rhode Island, and Connecticut.

Last year Borrin sold $22 million worth of real estate. This year, based on the volume of inquiries, he expects sales worth $30 million or more. "The volatility of the stock market has played right into our hands," he says. "People have seen too many collapses. They see that stability isn't in the market, it's in real estate. There's a lot of pent-up demand out

◆ HOW THE SURVEY WAS CONDUCTED ◆

In late December 1989 we sent a two-page questionnaire to the 3,072 companies that have ever appeared on either the INC. 500 or the INC. 100, as well as to another 720 growth companies. We received a total of 960 responses—a response rate of 26%. Survey results were tabulated by Harrison & Goldberg, in Cambridge, Mass.

The survey was conducted under the direction of special projects editor Sara Baer-Sinnott. Additional research was provided by reporter Anne Murphy.


1990 ECONOMIC OUTLOOK SURVEY
WHAT LIES AHEAD?
44% expect either a national or regional recession or both within the next two years
42% of those who expect either a national or regional recession or both expect a downturn in their business
37% expect a national recession will occur within the next two years
36% think their region will experience a recession within the next two years
29% expect both a national and regional recession
27% anticipate a downturn in their own business
HOW DO YOU TELL IF A RECESSION IS COMING?
Top 10 indicators used by respondents
1. Interest rates 22%
2. Unemployment rates 14%
3. Stock market 10%
4. Financial press 9%
5. Sales 9%
6. Construction starts 8%
7. Newspapers and magazines* 8%
8. Clients and customers 7%
9. Real estate market 7%
10. Auto sales 6%
*general interest
WHO EXPECTS A NATIONAL RECESSION?
By region:
Northeast 48%
Far West 38%
Midwest 34%
Southwest 33%
Southeast 31%
By industry:
Service 41%
Distribution 38%
Retail 38%
Construction 34%
Manufacturing 30%
WHAT SIGNS ALERT YOU TO CHANGES IN THE ECONOMY?
Top 10 actions taken by those anticipating a downturn
1. Explored new markets 72%
2. Reduced company's expenditures 69%
3. Speeded up collections 69%
4. Reduced debt/boosted cash 56%
5. Postponed hiring 53%
6. Diversified product or service line 52%
7. Postponed capital expenditures 50%
8. Reduced inventory 49%
9. Laid off employees 43%
10. Changed sales price or fees 40%

there, and I think people have decided that now is the time to buy. Prices are more realistic. So I think we are in one hell of a great year."

Patricia Gallup, president of PC Connection Inc., in Marlow, N.H., feels the region's problems only indirectly. The $100-million mail-order retailer of computer peripherals and microcomputer enhancements is coming through the state's doldrums in fine style. But there is one problem, and that, too, has to do with the depressed New England real-estate market. "We used to attract employees from Boston and other urban areas in New England who wanted to live in a rural environment," says Gallup. "Now, those people are less likely to relocate because they're having trouble selling their homes." That's left Gallup with at least 30 vacant positions.

John Bell, the man for whom recession equals insomnia, is less sanguine. His com-

CHARTS: STAN KAY

T. J. Rodgers
Founder and CEO
Cypress Semiconductor Corp.
San Jose, Calif.

National recession: Perhaps
Regional recession: Irrelevant to business because serve international/national markets
Indicators: Book-to-bill ratio; sales forecasts; customer inventory
Strategic response: Added only 44 employees to a base of 1,350 last quarter; held capital expenditures to $4 million on a base of $160 million
Comments: "The way we run the company and think about planning presumes we are always in a state of siege. We're always prepared for the worst."

Jerry Sigal
Chairman
SIGAL Construction Corp.
Washington, D.C.
#1 INC. 500 (1983)

National recession: Absolutely
Regional recession: No
Indicators: S&L crisis; vacancy rates; lack of architectural business, new building design
Strategic response: Held general and administrative overhead flat for past three years; eliminated all debt
Comments: "I used to be a high flier, but I've become conservative. When you don't have anything you can afford to be a high flier, but when you have something to protect, you can't."

pany, Creative Professional Services Inc., had sales of $5.5 million last year. Its 45 full-time and 55 part-time employees handle business-to-business direct-mail marketing from their offices in Woburn, Mass., on Route 128—the high-tech corridor that not long ago was synonymous with fabulous growth. Bell's problem is not that business is down. If anything, it is up. No, Bell's problem is getting paid.

"We have had to install a program to speed up collections, because receivables are running from bad to terrible," Bell says. "That's true even with the best of payers, I might add. Everyone is trying to delay their payments, so nobody gets paid and we all go down together. I talk to a lot of CEOs of companies my size in this neck of the woods, and a lot of us are having trouble getting sleep these nights."

How companies are responding

Telephone interviews with scores of fast-growth company executives across the United States reveal that many believe they enjoy a special edge, some advantage, that will protect them no matter what the economy does.

Donald Eberly of Sacramento, Calif., is a businessman who sees a recession coming but is confident he'll emerge unscathed. His $11-million company, Qualimetrics Inc., manufactures, installs, and maintains meteorological sensors and systems for airports. "This is an area that is going to grow regardless of the short-term economy," says Eberly. "The modernization of airports is going to happen." The company now exports 28% of its volume, but what excites Eberly are his prospects in Eastern Europe, where airports now rely on antiquated Soviet-made equipment. He expects to land two major contracts shortly, probably in Bulgaria and Czechoslovakia.

It would be hard to find companies better positioned to avoid serious downturns than those doing environmental cleanups, since recent legislation has mandated what amounts to a national crusade. "We see ups and downs in our business on regional and yearly bases," says David Musser, of Enreco Inc., "but that seems to have less to do with the economy than with the regulatory pressures that are applied at the time." Musser's $13-million company, in Amarillo, Tex., solidifies noxious sludges in industrial pits, ponds, and lagoons.

Not that Musser ignores the specter of a recession. Like many companies that hope to remain buoyant in a downturn, Enreco is

I LOVE A RECESSION!

Jack Hasbrouck launched The Groundskeeper in Tucson in 1976 and, under the name Environmental Earthscapes Inc., made the INC. 500 in 1983. But it wasn't until the Arizona economy hit the skids that the $7.9-million landscaping, maintenance, and construction firm started doing more municipal landscaping. With local jurisdictions turning to private companies for services, Environmental Earthscapes's 300 employees are constructing and maintaining public picnic areas, baseball and soccer fields, and parks, as well as landscaping a tremendous freeway expansion in Phoenix. "We're increasing our sales by 30% or more right in the midst of this recession," Hasbrouck says.

In Portland, Ore., meanwhile, down looks like up to Beau Bradley. He thinks Sonitrol Pacific, his $2.5-million company, stands to profit handsomely from the slowdown he sees ahead for the Pacific Northwest. Sonitrol installs and monitors state-of-the-art alarm systems, mostly for businesses. "Some of our best growth came in the early '80s," Bradley says. Recession will bring a corresponding rise in crime, he notes—particularly burglaries. "We're projecting 30% growth."

Thrifty Auto Supply Inc., another Portland company, also hopes to thrive on adversity. "The after-market auto-parts business has been called recession-proof," says president Steven J. Hopkins, whose five stores make Thrifty the biggest independent auto-parts chain in the city. "When people can't afford new cars, they fix up their old ones. The average age of a car on the road today is more than seven years. So people are already replacing bigger-ticket items—engines, front ends."

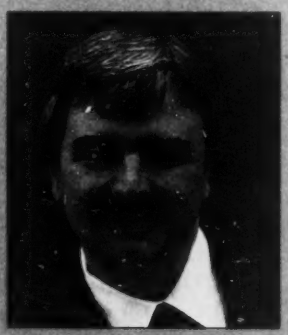
Larry Daniel also looks on recessions with a hopeful eye. The Daniel Company of Springfield, in Springfield, Mo., has a fleet of 35 tractor-trailers that operate as common carriers or on contract. "During a recession, more freight moves by truck than by rail, because businesses wait until the last minute to buy something, and then they want it immediately," he says. "People shorten their inventories and don't buy anything until they need it." A recession and higher unemployment will also ease Daniel's recruiting problems. "We now have about 52 drivers," he says, "and we need about 85."

Investment counselor Eugene Caldwell is equally optimistic. A principal at Atlanta's Caldwell & Orkin Inc., he predicts at least one negative quarter for both the national and regional economy. "I have 42 years of experience in this field," he says. "I have been through every postwar recession. And by and large, in recessions people turn to investment advisers. So we are likely to gain clients rather than lose them."

ROBERT TOBEY

Ben Cohen
Cofounder
Ben & Jerry's Homemade Inc.
Waterbury, Vt.

National recession: Yes
Regional recession: "I haven't noticed."
Indicators: Overinvestment of money and talent in the military
Strategic response: Lower waste; improve worker productivity; investment in energy efficiency
Comments: "When you can't afford to buy a new house, a new car, or a new TV, you're still going to shell out two bucks for superpremium ice cream."



THOMAS ENGLAND

Dennis Hayes
CEO and founder
Hayes Microcomputer Products Inc.
Norcross, Ga.

National recession: No
Regional recession: "Some parts of the Southeast are pretty bad off and have been for a while. The Georgia economy seems to be stabilized."
Indicators: Prime interest rate; inventory turns in industry; performance of computer/telecommunications sector
Strategic response: Expanded in faster-growing Asian and European markets; emphasized quality
Comments: "At a time when heavy industry has reduced capital budgets, we find they're still buying our equipment because it helps reduce costs."

debt free. "We are fairly conservative and will continue to be," Musser says. "I want to have staying power. Should there be an industry shakeout, we're in good shape to weather several years of a very poor business climate. I think the economy is skating on thin ice, and if we break through, it could be messy."

For other businesses, unfortunately, the mess is already fast upon them. With sales flat or falling, with markets shrinking, they are moving aggressively to control damage. A search for new markets is at the top of the list. A scramble to speed up collections is another pronounced trend; so is reducing expenditures and debt. Those who still shudder at memories of the early-1980s recession, and the 21% prime rate, are the most concerned. "We desperately need to get into a larger facility, but we're holding off," says Gene Forte, president of Forte Industrial Equipment Systems Inc., a Cincinnati provider of automated conveyors. "Two years ago we were going to move into a new building—a two-story, high-tech building. We were supposed to break ground, but I backed off. I paid $8,000 to get out of it. I had more new people than old, we were growing like crazy, but I just didn't want to take on the debt."

Some companies are making changes that go straight to the bottom line. "We have eliminated travel and entertainment," says Sal Salvatierra, president of C&S Data Solutions Inc., a technical-services firm in Marlboro, N.J.

Others are scaling back sales forecasts and shelving, or at least slowing, plans for growth. "Our business is expanding from 16 to 50 stores this year," says Sonny Cray, whose Philly's Finest restaurant chain is headquartered in Tucson. "If the economy were different I'd be saying 100 locations." Doug Pearson's NSS Corp. is a systems-integration business in Bedford, N.H. He had hoped to move on a second piece of property this year. Instead, he's concentrating on paying down a home-equity loan.

Otto W. Voit III is also putting expansion on the sidelines. Voit is vice-president and chief financial officer of Educational & Fun Ltd., a Reading, Pa., retailer of educational toys and products. The company made the INC. 500 in 1989, but Voit is taking a cautious approach. "We were hoping to open new stores this year," he says. "We had plans to open two, then we scaled it back to one, and put it off for two quarters."

Up in Portland, Maine, Thomas Rand is taking advantage of the downturn to get back to basics. His Management Research Group, a consulting firm providing training and development products and services, grew more than 900% last year. "This company has seen tremendous growth in the past several years," Rand says. "In the past six months that curve has leveled off in the Northeast, and in the past two months it has turned downward. We have close relations with our northeastern clients, and the downturn has hit them and hit them quickly, especially in financial services. So 1990 is going to be a tough year.

"But the downturn has given us a breather," Rand goes on. "The growth of the company has been so rapid that we had not done much product development. It's time to get back to that. We had also become something less than efficient in the way we managed expenses. So we're now looking at that more carefully."

The chill of recession is forcing some companies to reach into less troubled locales and industries. Some of the most worried are companies that rely heavily on defense spending. The more prescient companies long ago began shifting to a more dependable business base.

Gary Fitzmartin's $10-million Office Furniture Specialists Inc. is typical of this group. Fitzmartin operates in two southern California locations, Long Beach and San Diego, a kind of ground zero of the potential military mayhem. "The southern California marketplace has extremely close ties to military spending," he says. "With peace breaking out all over and the deficit what it is, it'll affect this market and its concentration of defense suppliers. It's going to give us a downturn."

Fitzmartin anticipated trouble two years ago, when 40% of his customers were Pentagon contractors. The company retargeted its marketing efforts, pitching product maintenance, office redesign, and warehousing, as well as furniture sales. Today Fitzmartin pulls only 10% of his revenues from the defense sector.

C. J. Mead isn't hostage to defense spending, but he is being buffeted by negative currents in the building industry. His $7.5-million Construction Contracting & Management Inc., in Albuquerque, is having a tough go of it. "Most of the private-sector work has just stopped all over the Rio Grande Valley," he notes. "The developers have flat crawled under a rock for a while." Bidding for municipal and government projects is so fierce that contracts are going for 20% below what engineers estimated.

Mead has hunkered down to ride out the slump. "We're looking to sell some of our heavy equipment and pay down our debt," he says. "We're fixing the stuff that we have in order to do what work we get. But we're not buying anything new." He does see a safety valve in Las Vegas, however, where he'd like to open a satellite office. The Vegas market, he declares, is "going nuts."

Mark Ain's company, Kronos Inc., manufactures electronic time clocks in Waltham, Mass. "I don't think we're going to have a recession this year," Ain says. "We may well have a slowdown, and we're preparing for it. We have eliminated bank debt and put seven figures in the bank. We're watching our receivables and our inventory very carefully." Nonetheless, $35-million Kronos just had the best first quarter in its history. ❑

HANDS ON

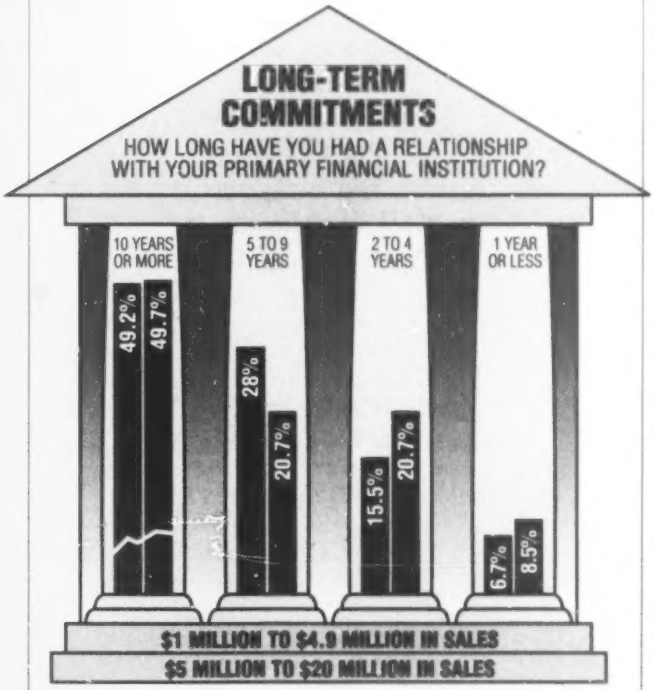
A Manager's Notebook

FREE

GOOD-NEIGHBOR POLICY

According to a survey of small-business CEOs by Arthur Andersen & Co., the number-one impediment to exporting is lack of information. But don't try to use that excuse when it comes to the Canadian marketplace. An on-line database called BOSS (Business Opportunities Sourcing System) can put you in touch with more than 20,000 companies in Canada. It's brought to you free, courtesy of the Canadian Department of Regional & Industrial Expansion.

You can target your market by product, province/city, and size of company, then (if your computer has the capacity) download the information onto mailing labels. The package includes a statistical service on the Canadian economy, as well as a series of hard-copy directories. Write to: BOSS, Dept. of Regional & Industrial Expansion, 235 Queen Street, Ottawa, Ontario K1A OH5 Canada. ❑



Source: American Banker Small Business Survey, New York City, 1989

MANAGING PEOPLE

TAKING STOCK

Gail Hering, CEO of Atmosphere Processing Inc., an automotive supplier in Holland, Mich., wanted to keep her employees up to date on the company's performance. She decided to follow the model of public companies' annual shareholder meetings and instituted an annual jobholders' meeting.

Since 1982 about 40% of the company's 180 employees have chosen to participate in the voluntary Saturday-morning event, a day that was picked because the factory is closed, the sales staff is off the road, and everyone has the opportunity to attend.

The group congregates in an off-site auditorium for about three hours to hear reports from key managers on standard public-company financials such as company profits, expenditures, investments, and strategies. Says Hering: "I'm a strong believer in the philosophy of 'The more employees know, the more valuable they are to the company.' These meetings show employees we aren't just paying lip service to how valuable their contribution is to this company." ❑

COMPENSATION

MONEY FOR NOTHING

Small, growing companies usually can't pay their people as much as the large outfit down the street. And while employers know that insurance and the cost of other benefits are eating them alive, their employees rarely understand the true expense of keeping them on the payroll.

Doug Greene, CEO of New Hope Communications Inc.—a Boulder, Colo., company that publishes magazines for the natural-foods industry and economic development—makes sure his employees know exactly what it costs the company to keep them on board.

"We don't just tell a new employee she'll be making $25,000 a year," says Greene. "We say her total benefit package is $36,750, and then we explain that in addition to the $25,000, we are also paying $495 a month for her insurance, $25 for parking, and so on down the line."

Greene is convinced his disclosure makes it easier to control his costs. In giving her a raise, Greene might tell the employee her total compensation package is being hiked 11%, including a 4% raise in compensation and a 7% increase in benefits. That helps impress upon the employee some of the increases in insurance premiums New Hope has had to pay. ❑

TRAVEL AND ENTERTAINMENT

STRENGTH IN NUMBERS

When it comes to travel, we all suspect that others get better deals than we do. In 1986 James Dick had his suspicions confirmed while checking out of a luxury hotel in Manhattan. The guest to his left was settling a bill a fraction of the size of Dick's for the same number of nights. The reason? The neighboring customer represented a big firm that was given corporate rates.

Dick was angry and curious enough to organize a service that liberates small-business travelers from the hotel's rack rates. He resigned his post as chairman of SNAP (Shared Network of Apparel Producers) and founded Express Hotel Reservations.

By unifying lone room seekers into one economic force, Express Hotel Reservations secures, on average, a 20% to 30% discount for accommodations in New York City, Los Angeles, and San Francisco. With no membership fee or user surcharge, small-business owners can use Express Hotel Reservations by calling (800) 356-1123 before checking in. ❑

HANDS ON

START-UPS

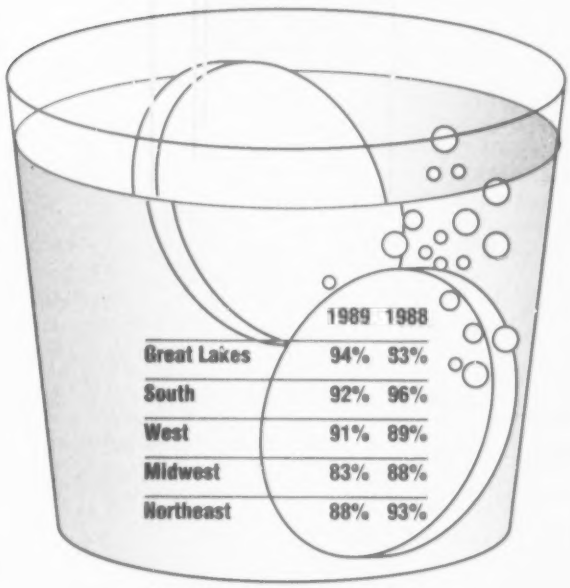
CHECK IT OUT

When researching business opportunities, trying to get the inside scoop on an unfamiliar industry can be frustrating. When Dennis Iacobbo wanted to learn more about the temporary-help industry, he interviewed for a sales job at one such company to find out about it.

He gleaned enough information to start Job Link Inc., a Providence agency specializing in factory temporaries. "I learned how to price the product, what kind of taxes to apply, how much to charge for overhead, and what a time card should feature as well as how to get it back, approved, verified, and pay the proper taxes," recounts Iacobbo. He and partner Ali Cabral turned a profit in their opening week, and today Job Link grosses more than $10 million a year. ❑

TEMPORARY RELIEF

USE OF TEMPORARY EMPLOYEES BY REGION



	1989	1988
Great Lakes	94%	93%
South	92%	96%
West	91%	89%
Midwest	83%	88%
Northeast	88%	93%

Source: "1989 Contract Labor Survey," Administrative Management Society Foundation, Trevose, Pa.

SALES

RALLYING THE TROOPS

Sales contests are designed to motivate the troops, but once salespeople feel they're out of the running for prizes, they won't work as hard. Network General Corp., a software company in Menlo Park, Calif., took this into account when it designed a major selling contest three years ago for its outside reps. "It worked out great," says George Comstock, vice-president for business development.

Instead of offering one prize, the company set different award levels. At one level, for example, winners received a Caribbean cruise for one person, at another level the same cruise for two. Midway through the contest, a third level was added: a trip for two to Tahiti.

Instead of employees becoming discouraged, "these guys were pulling all the way through," Comstock says, and about 30 people won trips. The prizes cost the company a lot of money, admits Comstock, "but it was worth it—the contest more than paid for itself." ❑

(HANDS ON continued)

RESOURCE

BUSINESS ED

If time and again you find yourself explaining the fundamentals of business to an enthusiastic but inexperienced staff member, help is on the way from Bank of America. The *Small Business Reporter* series of 16 booklets addresses such topics as the fundamentals of cash-flow management, financial statements, marketing, management pitfalls, and a lay guide to computers.

Most titles cost $5 and get down to brass tacks in a user-friendly 15 pages. For more information write: *Small Business Reporter,* Bank of America, Dept. 3120, P.O. Box 37000, San Francisco CA 94137. ❑

MARKETING

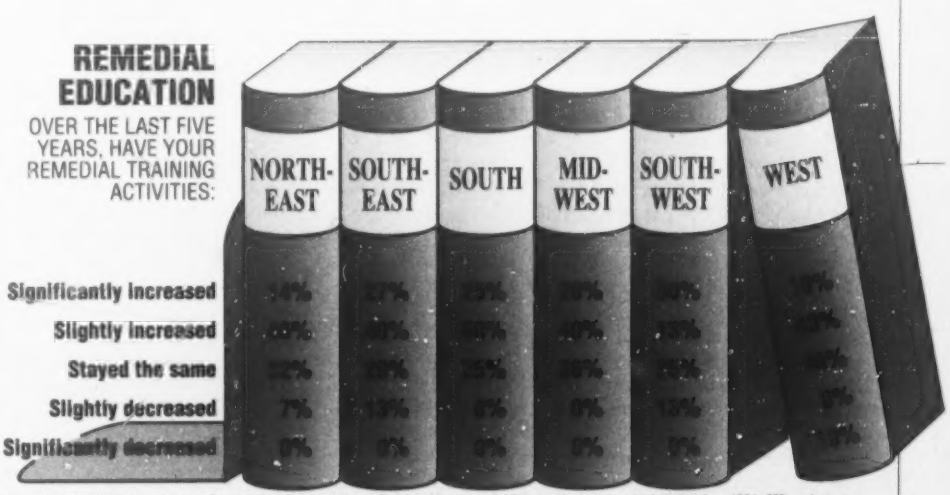
WHO'S CALLING?

Richard A. Gagne, owner of Dental Horizons, in Oxnard, Calif., never used to be sure which of the many places he advertised were generating the most dollars of dental service. Then he started listing different phone numbers—his office has several lines—in any advertisements that were running concurrently.

"Now, we always track which ads are drawing phone calls," says Gagne, who compares response rates to ads in different publications, and then allocates his ad budget accordingly. ❑

REMEDIAL EDUCATION

OVER THE LAST FIVE YEARS, HAVE YOUR REMEDIAL TRAINING ACTIVITIES:



Source: "1989 SHRM Training/Retraining Survey," of the Society of Human Resource Management of 613 organizations, one-third of which have 100 to 500 employees

TECHNOLOGY

TALK IS CHEAP

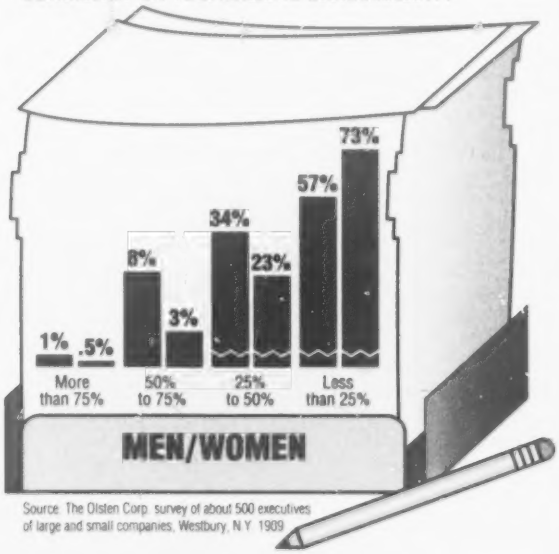
Because her delivery people had to pull off the road to call the office, Betsy Hoaglin, CEO of $5-million RADS Radiography Service Inc., in Clearwater, Fla., figured missed connections were costing her two to three deliveries a day. She put a stop to the expensive game of telephone tag by equipping her mobile X-ray units with cellular telephones.

Even though each phone cost $1,000 two years ago, the additional revenue generated was more than enough to cover the initial investment and the phone bills of $300 a month.

Although the cost of cellular phones has dropped to $450, Hoaglin's competitors still haven't equipped their vehicles, giving RADS an edge. ❑

PAPER CHASE

WHAT PERCENTAGE OF PAPERWORK CURRENTLY ON YOUR DESK IS UNNECESSARY?



Source: The Olsten Corp. survey of about 500 executives of large and small companies, Westbury, N.Y. 1989

ON THE CHEAP

USEFUL UTILITY SOFTWARE *By Cary Lu*

Anyone with a desktop computer needs at least two types of software to get some work done—an operating system, such as MS-DOS, and applications, such as word processors and spreadsheets. But there is a third kind of software we usually ignore until we run into trouble: utility software, which can perform a variety of essential and convenient functions.

- **Undelete** recovers files that have been accidentally deleted.
- **Backup** copies the contents of your hard disk drive onto floppy disks or data tape so you still have your information if your hard disk fails—or is stolen.
- **Viewers** let you see the contents of common word-processor, spreadsheet, and database files without starting the application.
- **Shell** replaces the cryptic C> of MS-DOS with a full screen display of files on your disk; such common MS-DOS tasks as copying a file can be performed by pressing a function key rather than typing out commands.
- **Link** ties two computers together with a cable to exchange data. Most commonly used between desktop and laptop computers, it's also good for setting up multiple computers in an office.

Although it's possible to buy a separate program for each of these functions, there is a bargain package available that performs all these tasks and more. PC Tools Deluxe from Central Point Software (503-690-8090, about $100) has all the ordinary utilities that the average MS-DOS user is likely to need.

On the Macintosh side, you will need two packages to handle the same tasks. DiskTop from CE Software (515-224-1995; about $70) has many useful utilities for looking at disk files. I recommend combining it with a package that can perform backups and recover deleted files. SUM II, from Symantec (408-253-9600; about $100) or Mac Tools Deluxe from Central Point Software ($100) are good choices for that second package. ❑

CUSTOMER SERVICE

INSTANT GRATIFICATION

Haven't we all answered a customer service survey, only to experience little or no change in service? Bud Hadfield, CEO of Kwik Kopy Corp., uses what he finds out from his surveys on a demanding bunch of customers: his franchisees.

Every month 50 of Hadfield's 125 employees at Houston headquarters contact all of his 1,000 franchise owners and make two requests: "Give me one thing to do for you" and "Please rate us on a scale of one to 10." The caller makes sure that the request is delivered and files a report to Hadfield.

"Besides serving our franchisees, it makes spotting market trends a cinch, so we can act quickly," says Hadfield, who produced a videotape on hazardous-waste disposal after questions started coming up on the topic. And pairing staff with franchisees gives customer service a personal touch. ❑

MEETINGS

RACING THE CLOCK

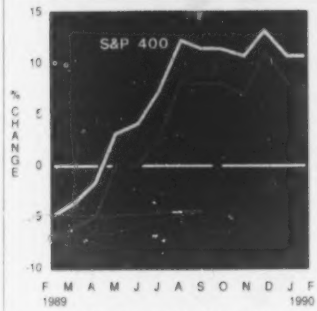
Tact and diplomacy may be admirable executive skills, but when it comes to moderating weekly staff meetings, it may be best to dispense with the formalities. Just ask Cecil Ursprung, president of Reflexite Inc., a $20-million reflective-plastic products maker in New Britain, Conn., whose weekly staff meetings recently grew from 6 to 14 people.

"These people have no problem speaking up," says Ursprung. "We realized if everybody contributed at the same rate as when six people attended, it would last half a day." So to keep the contributions brief, he invested in a $6 alarm clock. Now, each staffer can stump for six minutes before the alarm rings. "The return on investment is incalculable," quips Ursprung, who says the meetings stick close to the target 84 minutes—and he doesn't have to play the heavy. ❑

Reported by Teri Lammers, Paul B. Brown, Martha E. Mangelsdorf, Bruce G. Posner, and Eric Zicklin

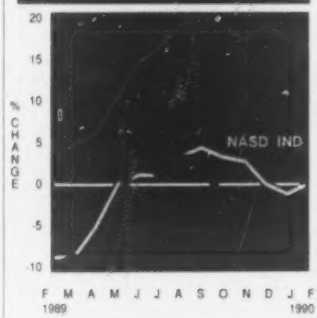
INVESTING IN GROWTH COMPANIES

INC. vs. CONSERVATIVE AVERAGES



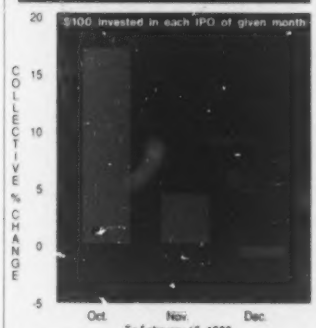
All averages start at 0 in October 1987.

INC. vs. SPECULATIVE AVERAGES



All averages start at 0 in October 1987.

IPOs IN THE AFTERMARKET



INITIAL PUBLIC OFFERINGS: JANUARY 1990

O-T-C sym.	Company	Business/product	Offering Size ($ mil.)	Offering Price	First aftermarket bid	Underwriter
MMF[a]	ACM Managed Multi-Market Trust	Closed-end fund	108.00	12.00	12	R. W. Baird
BCAM	Biomechanics Corp. of America	Provides biomechanical consulting svcs.	4.40	4.00[b]	4¾	D. H. Blair
CMCM	CM Communications	Provides cellular telephone svcs.	3.50	5.00	6½	Donald & Co.
DEFCU	Definicon International	Mfrs. computer add-in boards	3.60	6.00[c]	4⅞	L. C. Wegard
HEPC	Hadson Energy Resources	Explores & develops oil & gas	39.00	13.00	13	Drexel Burnham
LUX[a]	Luxottica Group S.P.A.	Mfrs. eyeglass frames	68.40	19.00	18¾	Merrill Lynch
MAFB	MAF Bancorp.	Bank holding co.	7.59	8.50	8½	Merrill Lynch
SHOEU	Millfield Trading	Designs & distr. footwear	5.50	5.00[d]	5⅞	Whale Securities
GF[a]	New Germany Fund	Closed-end fund	375.00	15.00	20	Deutsche
RPCX	Roberts Pharmaceuticals	Mfrs. pharmaceuticals	12.00	6.00	6	Rosenkrantz
MCS[a]	Taurus MuniCalifornia Holdings	Closed-end fund	51.00	12.00	12	Merrill Lynch
MNY[a]	Taurus MuniNew York Holdings	Closed-end fund	66.00	12.00	12	Merrill Lynch
TRCR	TriCare	Provides medical & legal evaluation svcs.	10.40	6.50	6½	Volpe
TWIN	Twin Star Productions	Mkts. & distr. consumer products via television programs	4.00	3.00	3⅛	F. N. Wolf

Initial public offerings sold at $1 or less not included. First aftermarket bid is approximate. [a] trading on NYSE. [b] units of 3 common + 2 warrants; [c] units of 1 common + 2 warrants; [d] units of 1 common + 1 warrant. Offering data source: *Going Public: The IPO Reporter*, a publication of The Dentar's Digest Inc., 150 Broadway, New York, NY 10038.

STREET TALK Could there have been a more relentless succession of bad economic news stories turning into the '90s? The savings and loan fiasco still unreeling and still unsolved; retail units of Campeau Corp. filing for protection from creditors because they couldn't service their debt; Wall Street investment banker Drexel Burnham Lambert Inc. shut down, adding more highly paid financial-sector workers to the thousands already out of cushy jobs; high-yield bond prices in disarray, wreaking havoc on yet more S&L portfolios. And that's just naming a few adverse items.

Yet our leading stock indicators only grudgingly gave ground. As of mid-February, the DJIA was situated within a couple of weeks' hailing distance of its all-time high of 2,810, set on January 2. For that bit of comfort, such as it is, we can largely thank the computer programs, which sporadically ran up the prices of blue-chip stocks—the ones that affect the averages—whenever the opportunity for arbitraging profit arose.

Outside of those velvet-lined baskets, however, a considerable proportion of stocks was under siege. Like the NASDAQ chart on this page, many had retreated to their September 1987 levels; some, like our own lifeless INC. Index, had already strayed back into minus ground. To veteran observers, these were only two among a number of dire signs that suggested a bear market in equities had already set in and a decline of generous proportions was in the offing.

To make that chilling prospect (considering that, as in the late '20s, banks are again in deep trouble) of even wider concern, most of the world's stock markets simultaneously were rolling over and threatening a similarly extended decline. One notable exception was West Germany's, significantly ahead of a year earlier. For this circumstance Streeters credited the Japanese appetite for equities. They had yet to run out of pocket change and were drooling over the prospect of a unified Germany. —*Robert A. Mamis*

MEDIA POWER

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